

STB Ex Parte No. 661 Rail Fuel Surcharges

Thank you, Chairman Buttrey. Good Morning, and let me add my welcome to our panelists and those attending the hearing today.

As the Chairman noted, the Board does indeed have an open mind with regard to the issue of fuel surcharges, what troubles the shippers about them, why the railroads need them, and how assessing and reporting them can be improved. We're holding this hearing today to gather information about the various fuel surcharge programs, to provide a forum for the expression of views by all parties, and to open a dialogue between the parties that will help move us towards a resolving the problems created by fuel surcharges.

From the shippers' perspective, I fully understand their desire to be treated fairly. Their call for more transparency in the processes is reasonable, as are their concerns about how fuel surcharges are developed and applied.

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As we stated in our March 14th *Notice*, the Board is most interested in the issue as to whether railroad fuel surcharges are being set in such a manner so that they are used to recover only the increased cost of fuel for the particular movements to which the surcharge is applied.

Certainly, no one is suggesting that the railroads should not be allowed to recoup their increased fuel costs. Simply browsing through the many filings in this proceeding shows general shipper support for fair fuel surcharge programs. But the railroads run into problems with their shippers when the surcharges appear to be profit centers, rather than cost recovery mechanisms, and lack a clear, direct correlation to increases in the cost of fuel actually paid by the railroads and actually used for the particular movements.

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I believe the Board's authority in this area depends largely on how the surcharges are characterized. Prior decisions on surcharges, while providing some guidance, do not give us a clear cut answer.

By engaging in today's collective endeavor to shed some light on the issues surrounding railroad fuel surcharge programs, it is my hope that we will establish a substantial record documenting the concerns of the shippers, suggestions for improvement on the part of the railroads, and ways in which the STB can help railroads and shippers to work together to find mutually acceptable solutions.

Thank you.